

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking on policies and practices for advanced metering, demand response, and dynamic pricing.

Rulemaking 02-06-001

**ADMINISTRATIVE LAW JUDGE'S RULING
APPROVING WITH MODIFICATION
JOINT UTILITIES' ADRS PROPOSAL**

I. Summary

This ruling approves with modification a joint pilot proposal by Southern California Edison (SCE), Pacific Gas & Electric (PG&E) and San Diego Gas & Electric (SDG&E) (or "Joint Utilities") for a Residential Automated Demand Response System (ADRS).

II. Discussion

In D.03-03-036, the Commission directed the Joint Utilities to develop a plan to evaluate the impacts of an automated demand response system by proposing a method to integrate the installation of such devices at a representative sample of homes during the later stages of the Statewide Pricing Pilot (SPP). The Commission envisioned that the Joint Utilities would procure this technology in the Fall of 2003, integrating the system with the current utility billing system in Winter 2003, installing the devices in Spring 2004, and measuring the impacts of these systems in Fall 2004 (D.03-03-036, mimeo., pp. 33-34). The Commission required the Plan, as filed, to be reviewed by

Energy Division, which was charged with recommending to the Administrative Law Judge whether the utilities should implement the plan as presented.

On July 1, 2003, in compliance with Decision (D.) 03-03-036, Joint Utilities filed a pilot proposal for evaluating the demand response capabilities of residential customers with an ADRS. Consistent with Commission direction in D.03-03-036, the Commission's Energy Division has reviewed the Joint Utilities' pilot proposal, and recommends approval, with some key modifications designed to address missing implementation and cost details.

As presented, the pilot proposal will test: (1) average residential load drop in ADRS households, compared with households participating in the SPP; (2) how the ADRS technology measures up to functionalities specified in D.03-03-036; and (3) customer acceptance of ADRS. The Joint Utilities do not propose to calculate price elasticities as part of the pilot. The pilot will be in effect throughout 2004, but evaluation efforts will begin in Fall 2003. The pilot proposal also contains detail about proposed customer recruitment and rate treatments, as well as the proposed research questions the pilot will attempt to answer.

Based on its review of the proposal, Energy Division finds that more detail about implementation and costs should be provided. Consequently, Energy Division recommends that the Joint Utilities augment their implementation plan by October 15, 2003, prior to procuring the technology and equipment for the pilot. The augmented implementation plan should include the following information:

1. An evaluation/analysis plan detailing how the research questions will be answered;

2. A more detailed budget which provides an estimate of the total expected costs for the entire pilot and more detailed cost information on the technology related costs, customer recruitment/support costs, evaluation/analysis costs, and all other pilot costs.
3. A description of the technology selected for the pilot, cost and functionality;
4. An updated schedule specifying the pilot implementation timelines (i.e., customer recruitment, start date for CPP rates) and proposed duration of the pilot;
5. Additional information on the rate treatments customers will receive in the pilot.
6. A discussion concerning whether the ADRS technology is ready to be used for calculating price elasticities (i.e., has the ADRS technology been field tested and/or used to calculate price elasticities?).

The joint utilities should also begin reporting on the status of the ADRS pilot, implementation costs, installation of the technology, customer recruitment and the operations of the pilot as part of the their monitoring and reporting obligations specified in Ordering Paragraph 14 and Attachments C and D of D.03-03-036.

Therefore, **IT IS RULED** that:

1. The Joint Utilities Residential Automated Demand Response System (ADRS) proposal is approved subject to the filing of an augmented implementation plan prior to the Joint Utilities procuring the technology and equipment for the pilot as recommended by the Commission's Energy Division in its compliance role. On or before October 15, 2003, Joint Utilities shall file an augmented implementation plan that contains the following:

- a. An evaluation/analysis plan detailing how the research questions will be answered.

- b. A more detailed budget which provides an estimate of the total expected costs for the entire pilot and more detailed cost information on the technology related costs, customer recruitment/support costs, evaluation/analysis costs, and all other pilot costs.
- c. A description of the technology selected for the pilot, cost and functionality.
- d. An updated schedule specifying the pilot implementation timelines (i.e., customer recruitment, start date for CPP rates) and proposed duration of the pilot.
- e. Additional information on the rate treatments customers will receive in the pilot.
- f. A discussion concerning whether the ADRS technology is ready to be used for calculating price elasticities (i.e., has the ADRS technology been field tested and/or used to calculate price elasticities?).

The Energy Division will review this filing and make a recommendation to the assigned Administrative Law Judge concerning its sufficiency.

2. Joint Utilities shall begin reporting on the status of the ADRS pilot, implementation costs, installation of technology, customer recruitment, and the operation of the pilot as part of their monitoring and reporting obligations specified in Ordering Paragraph 14, and Attachments C and D of D.03-03-036.

Dated August 14, 2003, at San Francisco, California.

/s/ JOSEPH R. DEULLOA by LTC

Joseph R. DeUlloa
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Administrative Law Judge's Ruling Approving With Modification Joint Utilities' ADRS Proposal on all parties of record in this proceeding or their attorneys of record.

Dated August 14, 2003, at San Francisco, California.

/s/ FANNIE SID

Fannie Sid

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.